



Joint Legislative Audit Committee
Office of the Auditor General



FINANCIAL AUDIT REPORT
CALIFORNIA INFORMATION SYSTEMS
IMPLEMENTATION COMMITTEE
YEAR ENDED JUNE 30, 1979

REPORT TO THE
CALIFORNIA LEGISLATURE

REPORT **F-999.07**

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

999.07

FINANCIAL AUDIT REPORT
CALIFORNIA INFORMATION SYSTEMS
IMPLEMENTATION COMMITTEE
YEAR ENDED JUNE 30, 1979

OCTOBER 1980



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

SENATORS
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PAUL CARPENTER
JOHN NEJEDLY
ROBERT PRESLEY

ASSEMBLYMEN
S. FLOYD MORI
DANIEL BOATWRIGHT
LEROY GREENE
BRUCE NESTANDE

□ STATE CAPITOL
SACRAMENTO 95814
(916) 445-7380

□ 925 L STREET
SUITE 750
SACRAMENTO 95814
(916) 445-0255

S. FLOYD MORI
CHAIRMAN

October 17, 1980

999.07

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's financial audit report of the California Information Systems Implementation Committee, year ended June 30, 1979.

The auditors are Curt Davis, CPA; Romero Zamora; Gus Demas; Geraldine Parks; Teri Yee; Michael Tritz; and Charles Thrasher.

Respectfully submitted,

S. FLOYD MORI
Chairman, Joint Legislative
Audit Committee

Attachment

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INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee and in compliance with federal Office of Revenue Sharing regulations, we have conducted a financial audit of the California Information Systems Implementation Committee. This audit was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code.

The committee's objective according to Section 11756 of the Government Code is to expeditiously implement the State's electronic data processing policies through formulating recommendations and directing them to appropriate legislative and executive bodies. The committee reviews electronic data processing policies set forth in Article 1 (commencing with Section 11770), Chapter 7 and Chapter 8 (commencing with Section 11775), Part 1, Division 3 of Title 2 of the Government Code and recommends changes. It also develops procedures for implementing laws which protect the privacy and confidentiality of records as well as the rights and privacy of the individual according to Section 11758(b) of the Government Code. Each year, the committee reports its recommendations and adopted procedures to the Legislature and to the Governor.

The California Information Systems Implementation Committee is supported by appropriations from the State's General Fund.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the combined balance sheet of the California Information Systems Implementation Committee as of June 30, 1979 and the related statement of financing sources, expenditures, and changes in operating clearing for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the California Information Systems Implementation Committee at June 30, 1979 and the results of operations and changes in operating clearing for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The column amounts on the accompanying financial statements captioned "Totals - Memorandum Only" for June 30, 1979 are not necessary for a fair presentation of the financial statements but are presented as additional analytical data and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.


WESLEY E. VOSS
Assistant Auditor General

Date: March 4, 1980

Staff: Curt Davis, CPA
Romero Zamora
Gus Demas
Geraldine Parks
Teri Yee
Michael Tritz
Charles Thrasher

CALIFORNIA INFORMATION SYSTEMS
IMPLEMENTATION COMMITTEE

COMBINED BALANCE SHEET
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP

JUNE 30, 1979

	<u>Governmental Fund Type General Fund</u>	<u>Account Group General Fixed Assets</u>	<u>Totals (Memorandum Only) June 30, 1979</u>
<u>ASSETS</u>			
Equipment	\$ --	\$1,344	\$ 1,344
Total Assets	<u>\$ --</u>	<u>\$1,344</u>	<u>\$ 1,344</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	<u>\$ 2,255</u>	\$ --	<u>\$ 2,255</u>
Fund Equity:			
Investments in general fixed assets	--	1,344	1,344
Operating clearing (Note 4)	<u>(2,255)</u>	<u>--</u>	<u>(2,255)</u>
Total Fund Equity	<u>(2,255)</u>	<u>1,344</u>	<u>(911)</u>
Total Liabilities and Fund Equity	<u>\$ --</u>	<u>\$1,344</u>	<u>\$ 1,344</u>

The notes to the financial statements are an integral part of this statement.

CALIFORNIA INFORMATION SYSTEMS
IMPLEMENTATION COMMITTEE

STATEMENT OF FINANCING SOURCES, EXPENDITURES,
AND CHANGES IN OPERATING CLEARING - BUDGET AND ACTUAL
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

	<u>Budget as Adjusted</u>	<u>Actual</u>	<u>Variance</u>
Financing Sources: (Note 2)			
Support appropriations	<u>\$47,123</u>	<u>\$43,437</u>	<u>\$(3,686)</u>
Expenditures: (Note 2)			
Support expenditures	47,123	42,717	4,406
Miscellaneous adjustments (Note 3)	<u>--</u>	<u>79</u>	<u>(79)</u>
Total Expenditures	<u>47,123</u>	<u>42,796</u>	<u>4,327</u>
Excess of Financing Sources over (under) Expenditures	<u>\$ --</u>	641	<u>\$ 641</u>
Operating Clearing - July 1		<u>(2,896)</u>	
Operating Clearing - June 30		<u>\$(2,255)</u>	

The notes to the financial statements are an integral part of this statement.

CALIFORNIA INFORMATION SYSTEMS
IMPLEMENTATION COMMITTEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial position and results of operations of the California Information Systems Implementation Committee. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments as prescribed by the American Institute of Certified Public Accountants and by the National Council on Governmental Accounting.

The accompanying financial statements are structured into a Governmental Fund Type and an Account Group. The California Information Systems Implementation Committee accounts for only its portion of the fund type category. The State Controller maintains the central accounts for all state funds and annually publishes fund statements.

GOVERNMENTAL FUND TYPES

Governmental Fund Types are those through which most governmental functions are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities--except those accounted for in Proprietary Funds--are accounted for through governmental funds. The Governmental Fund Type for the California Information Systems Implementation Committee is the General Fund. This fund includes all financial resources accounted for by the committee.

The General Fund is maintained on the modified accrual basis of accounting. These are some of its more significant elements:

Income

Throughout the fiscal year all income, including transfers, is accounted for on a cash basis. At June 30, the accounts are adjusted to accrue all earned but uncollected income.

Expenditures

Expenditures are accounted for at the time claims for payment are filed with the State Controller. At June 30, all valid expenditure commitments are accrued as expenditures including encumbrances outstanding against budget appropriations for which no goods or services have been received.

Liabilities

Retirement Plan - Regular employees of the committee are members of the Public Employees' Retirement System (PERS) which is a defined benefit, contributory retirement plan. The amount the committee and employees contribute to PERS is actuarially determined under a program in which contributions plus retirement system earnings provide the necessary funds to pay retirement costs as accrued. Retirement contributions for the year totaled \$4,468.

Vacation and Sick Leave - Costs of vacation and sick leave are charged when these benefits are used rather than when they are earned.

ACCOUNT GROUP

The Account Group is used to account for general fixed assets. Assets purchased are recorded as expenditures in the appropriate fund in the year of acquisition or encumbrance. General fixed assets increased by a net of \$681 during the fiscal year.

2. BUDGETED FINANCING SOURCES AND EXPENDITURES

The amounts shown under "Budget as Adjusted" for financing sources and expenditures reflect the Governor's Budget after allowing for adjustments by the Budget Act, interim statutory changes affecting appropriations, and authorized executive budget revisions issued during the year.

3. MISCELLANEOUS ADJUSTMENTS

This account shows the difference between the net amount of financing sources, expenditures, abatements, and reimbursements accrued as of the previous June 30 and the actual amount of financing sources, expenditures, abatements, and reimbursements related to the prior year but obtained during the current fiscal year.

4. OPERATING CLEARING

This account is the connecting link between the records of the various state agencies and the central fund accounts of the State Controller for the General Fund and other funds not accounted for entirely by one agency. The balance at June 30 represents the net assets and liabilities for which the California Information Systems Implementation Committee is accountable.

SUPPLEMENTAL INFORMATION

The annual legislative budget for support expenditures of the California Information Systems Implementation Committee is in total only. The following schedule shows the actual expenditures for the period as kept by the committee for management purposes.

CALIFORNIA INFORMATION SYSTEMS IMPLEMENTATION COMMITTEE

SCHEDULE OF SUPPORT EXPENDITURES
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

Expenditures:

Personal services	\$32,488
Operating expenses and equipment	10,229
Miscellaneous adjustments (Note 3)	<u>79</u>
Total Expenditures	<u><u>\$42,796</u></u>

OTHER COMMENTS

As an integral part of our examination, we reviewed the accounting procedures and related system of internal accounting control at the committee and at the Department of General Services (which maintains the committee's accounting records) to the extent we considered necessary to properly form an opinion concerning the fairness with which the committee's financial statements present its financial position and results of operations in accordance with generally accepted accounting principles consistently applied.

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
Secretary of State
State Controller
State Treasurer
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
California State Department Heads
Capitol Press Corps